
INDEPENDENT REGULATORY BOARD FOR AUDITORS
COMMITTEE FOR AUDITOR ETHICS

IESBA Proposes Revisions to Its Code Addressing Tax Planning and Related Services

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The International Ethics Standards Board for Accountants (IESBA) has issued, for public comment, the Exposure Draft: [Proposed Revisions to the Code Addressing Tax Planning and Related Services](#).

The proposed revisions respond to public interest concerns about tax avoidance and the role played by consultants, including professional tax advisers, in light of revelations in recent years that include the [Paradise](#) and [Pandora](#) Papers. The proposals strengthen the ethical expectations for professional accountants in public practice when performing tax planning activities for employing organisations or providing tax planning services to clients, respectively. These proposals will also reinforce the ethical expectations for professional accountants in business.

"The accountancy profession plays a trusted role in facilitating the efficient and effective operation of a jurisdiction's tax system and in making it a pillar of the economic system," said IESBA Chair Ms Gabriela Figueiredo Dias. "However, it is crucial that there are clear and robust ethical guardrails when professional accountants assist their employing organisations' and clients' tax planning to safeguard the public interest. These timely proposals are also designed to provide professional accountants with practical guidance to navigate the ethical challenges in this complex area."

Among other matters, the proposed ethical framework:

- Explains the types of threats to compliance with the fundamental ethics principles of the IESBA Code that might be created when professional accountants are involved in tax planning.
- Sets a clear principle that professional accountants recommend or otherwise advise on a tax planning arrangement only if they have determined that there is a credible basis in laws and regulations to do so.
- Requires a consideration of the reputational, commercial and wider economic consequences that could arise from the way stakeholders might view the tax planning arrangement before determining whether to proceed with the recommendation or advice.
- Provides practical guidance to assist professional accountants in navigating situations of uncertainty when carrying out tax planning.
- Deals with other practical matters, including disagreement with the client, management or those charged with governance, and documentation.

The development of the proposals has been informed by extensive fact finding and outreach to stakeholders, including three global roundtables held in April 2022.

Relevance for South Africa

The Independent Regulatory Board for Auditors (IRBA) adopted the IESBA's *International Code of Ethics for Professional Accountants (including International Independence Standards)*, issued during 2018, following the issue of proposed amendments on exposure in South Africa, together with South African enhancements. As such, all amendments to the [IRBA Code of Professional Conduct for Registered Auditors \(Revised November 2018\) \(IRBA Code\)](#) are in line with the IESBA Code.

Therefore, the IRBA's Committee for Auditor Ethics (CFAE) will consider these amendments to the IESBA Code relating to Part 3 - *Registered Auditors Performing Professional Services - Proposed Section 380* for incorporation into the IRBA Code. Part 2 - *Professional Accountants in Business - Proposed Section 280*, while part of the exposure draft, has not been adopted by the IRBA.

In accordance with the provisions of Section 10(1)(a) of the Auditing Profession Act 26 of 2005 (the Act), the IRBA may, by notice in the Government Gazette and pursuant to the provisions of Section 4(1)(c) of the Act, publish, for public information and comment, an amendment to the IRBA Code. Accordingly, a Board Notice to the same effect will be published in the Government Gazette for public comment, for a minimum period of 30 days.

Request for Comments

We invite registered auditors and others to submit to the IRBA, for its consideration, any comments regarding the [Proposed Revisions to the Code Addressing Tax Planning and Related Services](#), as we prepare our response to the IESBA. Comments, in Word and PDF formats, should be sent to standards@irba.co.za and submitted by 2 May 2023.

Alternatively, comments may be submitted directly to the IESBA through its [website](#), and that process closes on 18 May 2023.

The Exposure Draft is available in a PDF format and may be downloaded from the [IRBA website](#).

Should you have any further queries, please do not hesitate to contact the Standards Department by emailing standards@irba.co.za.

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Director: Standards

About the IRBA

The objective of the IRBA is to endeavour to protect the financial interests of the South African public and international investors in South Africa through the effective and appropriate regulation of audits conducted by registered auditors, in accordance with internationally recognised standards and processes.

The statutory responsibilities of the CFAE are to assist the IRBA to determine what constitutes improper conduct by registered auditors by developing rules and guidelines for professional ethics, including a code of professional conduct; interact on any matter relating to its functions and powers with professional bodies and any other body or organ of state with an interest in the auditing profession; and provide advice to registered auditors on matters of professional ethics and conduct.